

**vital support
consultancy ltd**

VAT FILING ON LINE WITH SAGE

Wednesday 17th February 2010

Wynnstay Hotel & Spa

Presented by June Horne
of Sage (UK) Limited

sage





Vital Support Consultancy Ltd
along with
Morris Cook Chartered Accountants,
would like to welcome you to this seminar.

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ONLINE VAT SUBMISSIONS

Sage 50 Accounts incorporates an Internet Submissions module designed to send a secure file format of the VAT Return and EC Sales list to H M Revenue & Customs.

To successfully submit the forms, Internet Explorer V6 or above must be installed on the PC and the customer/agent have a Government Gateway Account.

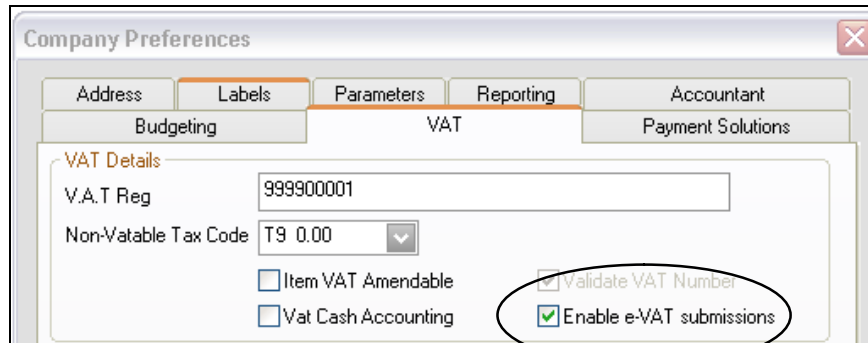
A Gateway Account can be registered at the following internet address: <https://online.hmrc.gov.uk/registration>.

The **User ID** and **Password** will be required, when setting up the e-Submissions preferences in Sage 50 Accounts.

Setting Up Sage 50 Accounts

Click **Company > Company Preferences > VAT** tab. Alternatively, click **Settings Menu > Company Preferences > VAT** tab

Select **Enable e-VAT Submissions**



The screenshot shows the 'Company Preferences' window with the 'VAT' tab selected. Under 'VAT Details', the 'V.A.T Reg' field contains '999900001' and the 'Non-Vatable Tax Code' dropdown is set to 'T9 0.00'. There are three checkboxes: 'Item VAT Amendable' (unchecked), 'Vat Cash Accounting' (unchecked), and 'Enable e-VAT submissions' (checked). The 'Enable e-VAT submissions' checkbox is circled in red.

You must also **complete** the **Credentials** and **Contact** details sections as shown below. The User ID and Password will be that supplied with the HMRC Gateway activation.



The screenshot shows two sections: 'eSubmissions Credentials' and 'eSubmissions Contact Details'. In the 'eSubmissions Credentials' section, the 'User ID' field contains 'VATDEC035a01', the 'Password' field contains 'XXXXXXXX', and the 'Confirm Password' field contains 'XXXXXXXX'. In the 'eSubmissions Contact Details' section, the 'Forenames' field contains 'Matthew', the 'Surnames' field contains 'Davies', the 'Telephone' field contains '0161 765 7876', and the 'Email' field contains 'matt@classicwine.co.uk'.

Running a VAT Return

The verify option is used to help minimise the possibility of VAT errors and ensure that the best accounting practices are being followed. Checks for problems with VAT values on accounts transactions, any transactions flagged will be displayed on screen. Also included is a suite of VAT audit reports approved by HM Customs & Excise.

Prepare for Audit can be located **Company > Financials > Prepare for Audit**.



The reports produced give explanations as to why certain areas have been identified.

Check Accounts system for potential Audit queries

Runs through a range of accounting checks which include identifying:

- Possible duplicate transactions
- Invoice not updated and/or printed within 14 days
- Payments on Account not using non-vatable tax code
- Customer / Supplier transaction not using standard tax code
- EC Sales posted to customer with no VAT registration no.
- EC Purchases posted to suppliers with no VAT registration no.
- Purchase Orders delivered but not invoiced

Run VAT Audit Check on Accounts systems for possible tax queries

Runs through a set of audit checks on the following areas:

- Sales Analysis
- Purchase Analysis
- Nominal Analysis

Show all accounts verification and VAT audit reports

Shows all available Accounts verification and VAT audit reports.

Check VAT values on transactions for possible errors

Checks the VAT calculations on transactions, with a VAT rounding tolerance % that defaults to 0.50, but can be altered and re-calculated.

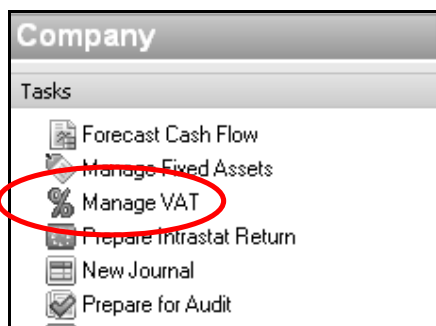
The VAT Ledger

Hence, to support the online filing and make it easier for our customers to manage VAT, the process of calculating, reconciling and making corrections to VAT returns has been redesigned and greatly improved.

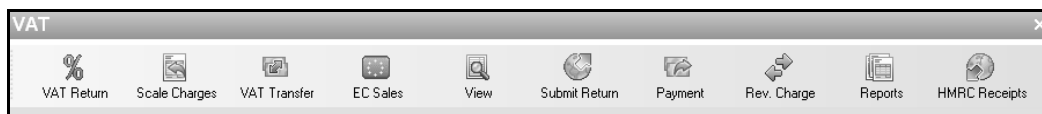
Prior to Version 2008, the functionality to assist with VAT tasks has been accessed from many different areas of the software. Hence to improve usability of Sage 50 Accounts we provided a new VAT Ledger for managing all VAT tasks.

The VAT 'ledger' in Sage 50 Accounts, allows users to perform all of the necessary VAT tasks from within one area of the program. This will make the process of preparing and reconciling the VAT Return much easier and also quicker.

The new VAT area is accessed from the **Company > Manage Vat** as shown below



This will display the VAT Management Ledger, which is a new view for Sage 50 Accounts 2008.



The new VAT Ledger provides the following:

Opening Screen

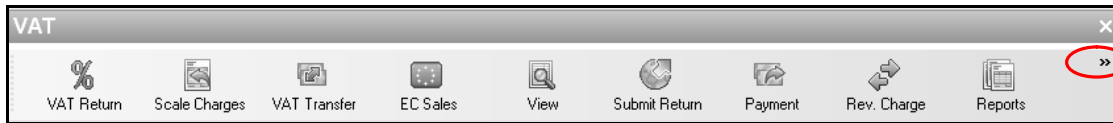
The opening screen displays any historic VAT Returns that have been reconciled in Sage 50 Accounts.

Each reconciled VAT Return is given a unique reference number and all transactions included on the VAT Return are allocated this reference number. Therefore making it easier to reconcile and deal with any queries that may arise from HMRC or an audit.

Automatic Archiving

Every time a VAT Return is now generated and reconciled, the program will automatically archive a full detailed VAT Return allowing customers to easily access their archived returns from the VAT Ledger at the click of a mouse.

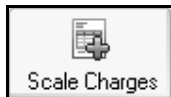
The icons along the top of the VAT Ledger provide access to useful VAT tools.



Note: - Depending upon which options the user can access sometimes they may find further options available by choosing the arrows at the far right of the screen.

Each option from the VAT Ledger will now be explained in detail.

Fuel Scale Charges Wizard



Selecting the Scale Charges Icon opens the Fuel Scale Charges Wizard which guides the user through calculating the fuel scale charge.

VAT Return



To run the VAT Return, from the Vat ledger select the Vat Return option, enter the date range of the VAT Return period then click on Calculate to generate the figures.

Value Added Tax Return - NEW


Classic Wine Company - 2009
3 Exchange Quay
Salford Quays
Manchester

For the period 01/05/2009 to 31/07/2009

VAT due in this period on sales	1	10905.68
VAT due in this period on EC acquisitions	2	95.68
Total VAT due (sum of boxes 1 and 2)	3	11001.36
VAT reclaimed in this period on purchases	4	6479.79
Net VAT to be paid to Customs or reclaimed by you	5	4521.57
Total value of sales, excluding VAT	6	68230.10
Total value of purchases, excluding VAT	7	41454.24
Total value of EC sales, excluding VAT	8	5475.35
Total value of EC purchases, excluding VAT	9	4705.75

Calculate Adjustments... Reconcile Print Clear ☐ Include Reconciled Close

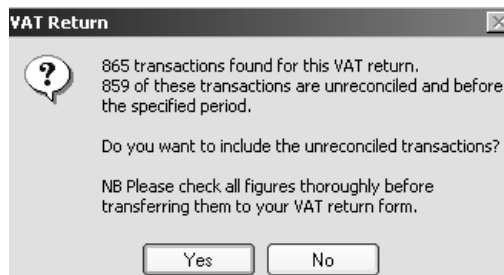
Sage 50 Accounts will display the VAT Return figures, which will then need to be confirmed.

Calculate	Calculates the values for the VAT Return based on the date range specified.
Reconcile	Changes the flags on the transactions selected for the VAT Return, from 'N' to 'R'.
Print	Prints three different levels of the VAT Return. VAT Return Prints the VAT Return form. Summary Prints the total values based on the transaction type by tax code. Detailed Prints a list of all transactions Adjustments Print a list of adjustments and reasons
Clear	Discards the figures allowing the user to start again.
 Include Reconciled	Includes transactions within the date specified which have already been reconciled.

Late Transactions

Sometimes late purchase invoices are received after the VAT period to which they refer, and the period may already have been reconciled.

On running the next VAT Return, Sage 50 Accounts will locate these and prompt 'some transactions are un-reconciled and before the date specified', and ask if we wish to include them.



If we include these transactions, the Control Account and VAT Return should agree if using VAT Standard Accounting.

Note: Customs and Revenue stipulate on notice 700/45 and Explanatory Memorandum No. 1482 that errors affecting box 5 by less than £10,000 (or 1% of turnover up to a maximum £50,000), whichever is higher, are to be included in the current Return.

To ascertain whether the unreconciled transactions are more than £10,000, use the following guide:

Run the VAT Return using 1st January 1970 (the earliest possible date) and **the last VAT period date processed** - in our example this is 30th April 2009.

Re-calculate the Return, and it will detect only those late transactions.

Check Box 5 to see if this is more or less than £10,000

Examining the Return

Within the VAT return screen you can examine the transactions held using a **drill down** technique

For the period 01/05/2009 to 31/07/2009

1	29952.10
2	95.68
3	30047.78
4	12176.88
5	17870.90
6	178401.07
7	89367.77
8	5475.35
9	4705.75

Click on the figures **in VAT Boxes 1, 2, 4, 6, 7, 8 and 9** to reveal a VAT code analysis:

VAT due in this period on sales				1	29952
T/C	Sales Invoices	Sales Credits	Receipts	Journal Credits	
T0	0.00	0.00	0.00	0.00	
T1	21194.72	0.00	8251.00	506.38	
T2	0.00	0.00	0.00	0.00	

Double click on any of the values here for a transaction breakdown:

Tax Code : T1		Sales Invoices - VAT			
No	A/C	Date	Details	Amount	
130	4100	01/05/2009	Alsace Pinot Blanc 1994	43.32	
131	4140	01/05/2009	Boddingtons Creamflow 24x500ml	37.52	
132	4140	01/05/2009	Newcastle Brown Ale 24x500 ml	37.52	
133	4140	01/05/2009	Guinness Bitter 24x500ml	30.02	
134	4140	01/05/2009	Guinness (Traditional) 24x500ml	32.75	
135	4140	01/05/2009	Tetley Bitter 24 x 500ml	17.05	
136	4110	01/05/2009	Brouilly E Loron 1989 Beajolais	24.74	
137	4100	01/05/2009	Cabreo La Pietra 1986	57.75	
138	4100	01/05/2009	Centenary Semillon Dry White 1997	9.45	
Total :				21194.72	

This will be useful for checking any 'unexpected' figures in boxes you do not normally use.

Managing Adjustments

There are a number of reasons why you may need to use manual adjustments.

Note: Before using adjustments, you must have created the required nominal code into **Settings > Control Accounts**. It is recommended that the nominal code for manual adjustments be created close to the other VAT liability accounts; **2204** for example.

To add adjustments select the adjustment button

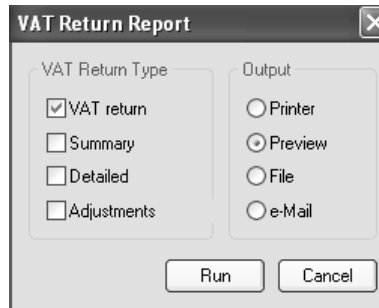
Adjustments...

Note: Upon Reconciling the total value of the adjustments will be posted in one journal between the VAT Liability account and the VAT Manual Adjustments nominal code.

Printing the VAT Return

After we have compared and confirmed the figures to the Control Account we can then reprint the Vat Return.

Click on the **Print** button.



We recommend printing the VAT Return and the Detailed VAT Return report; file these reports in case of a Customs & Excise inspection.

Reconciling the VAT Return

After printing the VAT Return, reconcile the transactions to stop them appearing on subsequent VAT Returns.

You must complete this step. Failure to do so will mean:

- You may pay/reclaim the same VAT amount more than once.
- You are likely to omit late transactions from future Returns.

Choose **Reconcile** and **Yes** to 'Flag transactions for VAT'

VAT Submissions

Once the return has been reconciled the VAT Return can be submitted online to HMRC via the **Submit Online** button within the Return.



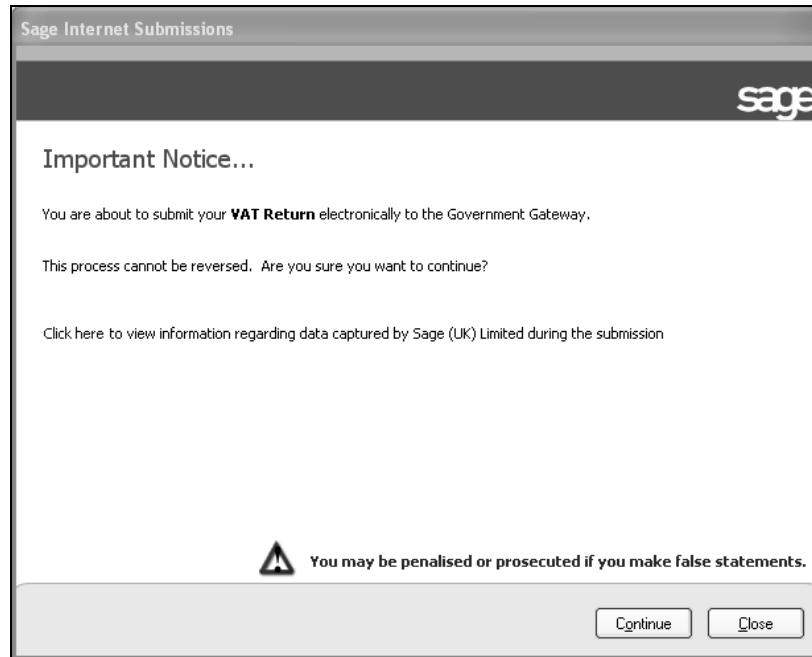
The Submit Online Button allows VAT Returns to be submitted to HMRC via the Internet.

To support the HMRC online filing initiative, Sage 50 Accounts has the ability to submit both VAT returns and also the payments due to HMRC online.

Note: Any business that opts to submit returns online must also make payments to HMRC online.

Note: Sage 50 Accounts has successfully gained recognition from HMRC for submission of the VAT Return (VAT100) and EC Sales List (VAT 101 form).

This would open the following internet submission wizard




Sage Internet Submissions

Important Notice...

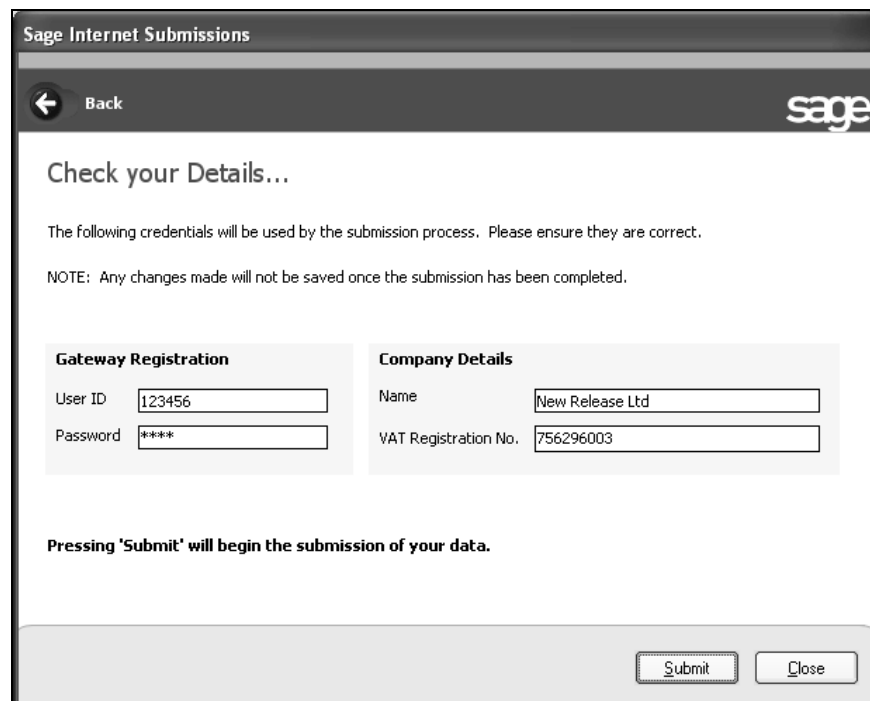
You are about to submit your **VAT Return** electronically to the Government Gateway.

This process cannot be reversed. Are you sure you want to continue?


[Click here to view information regarding data captured by Sage \(UK\) Limited during the submission](#)

 You may be penalised or prosecuted if you make false statements.

Selecting to continue displays the following screen.



Sage Internet Submissions

 **Back**

Check your Details...

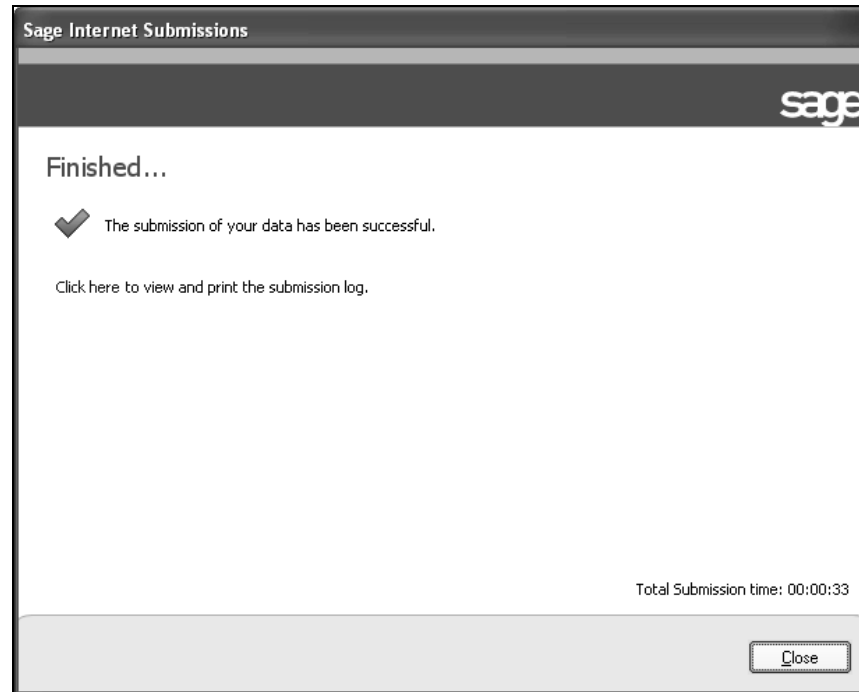
The following credentials will be used by the submission process. Please ensure they are correct.

NOTE: Any changes made will not be saved once the submission has been completed.

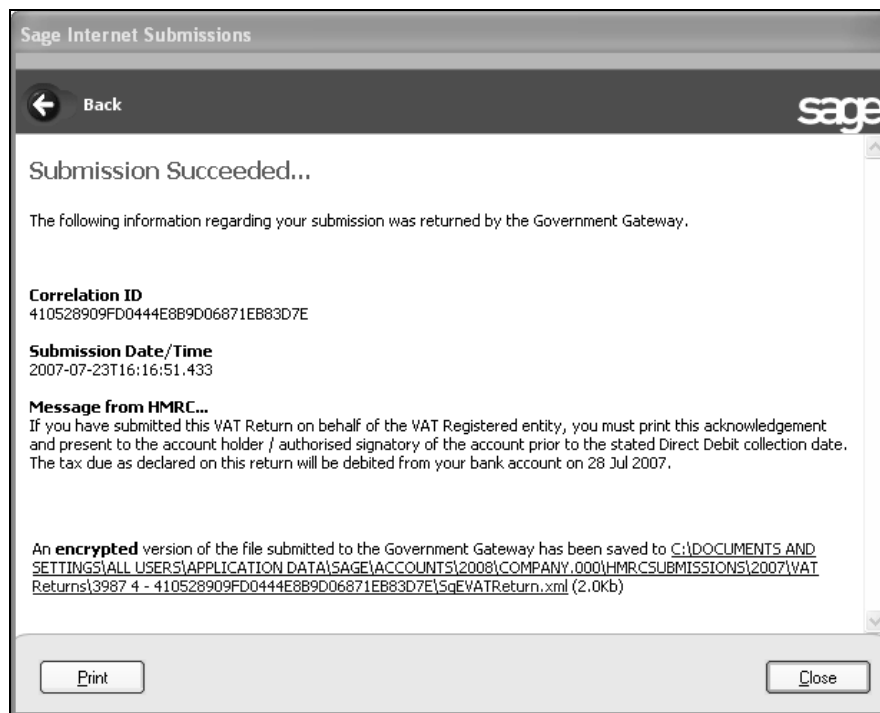
Gateway Registration		Company Details	
User ID	<input type="text" value="123456"/>	Name	<input type="text" value="New Release Ltd"/>
Password	<input type="text" value="****"/>	VAT Registration No.	<input type="text" value="756296003"/>

Pressing 'Submit' will begin the submission of your data.

After choosing the submit button the VAT Return is then submitted to the Government Gateway.

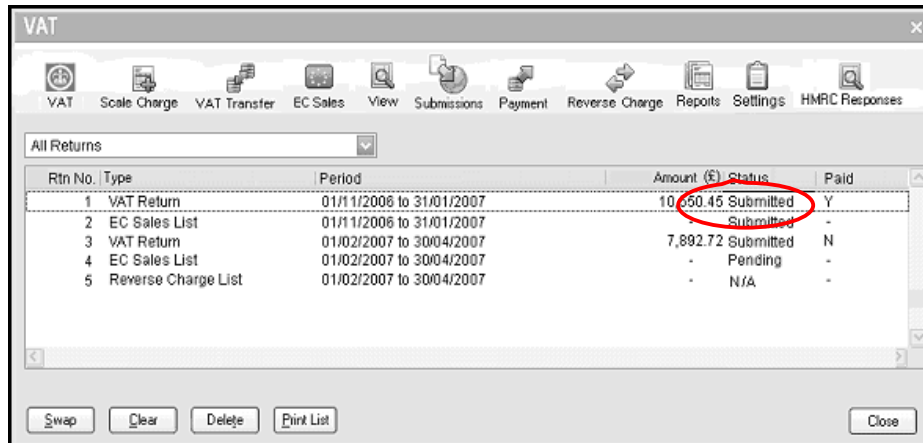


Finally a success or fail message will be displayed on the screen and the details link can be selected to see further information if required.



The details link holds either a reason for the submission failing or details of the correlation ID that HMRC have attached to the successful submission. We would advise that this information is printed out.

Upon submission of a VAT Return the VAT ledger would then display the VAT Return with the status marked as submitted.



Rtn No.	Type	Period	Amount (£)	Status	Paid
1	VAT Return	01/11/2006 to 31/01/2007	10,650.45	Submitted	Y
2	EC Sales List	01/11/2006 to 31/01/2007	-	Submitted	-
3	VAT Return	01/02/2007 to 30/04/2007	7,892.72	Submitted	N
4	EC Sales List	01/02/2007 to 30/04/2007	-	Pending	-
5	Reverse Charge List	01/02/2007 to 30/04/2007	-	N/A	-

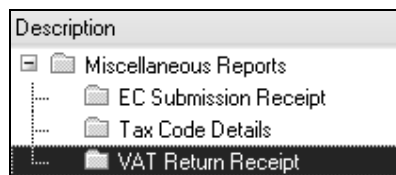
To View HMRC Receipts

When you submit a successful VAT Return or EC Sales List e-submission, the receipt from the HMRC is saved within the program.

The receipts are held within **Company > Manage VAT**.

Highlight the required return and click **HMRC Receipts**.

The results of the submissions can also be viewed within **Manage VAT > Reports**.



VAT Transfer Wizard



Select VAT Transfer the VAT Ledger screen and the VAT Transfer Wizard appears. This will allow you to enter the relevant information.

1. Enter the Nominal Code for the VAT Liability Account
2. Enter the Date of the Journal
3. Confirm the figures from the VAT Return

Note: If using split control accounts, confirm the Sales Tax figure (Box 1) and Purchase Tax figure (Box 4 minus Box 2) separately.

The wizard will then display the Journal Entry to be posted - if you are happy with the figures select Finish and the journal will be posted.

HMRC Payment Option

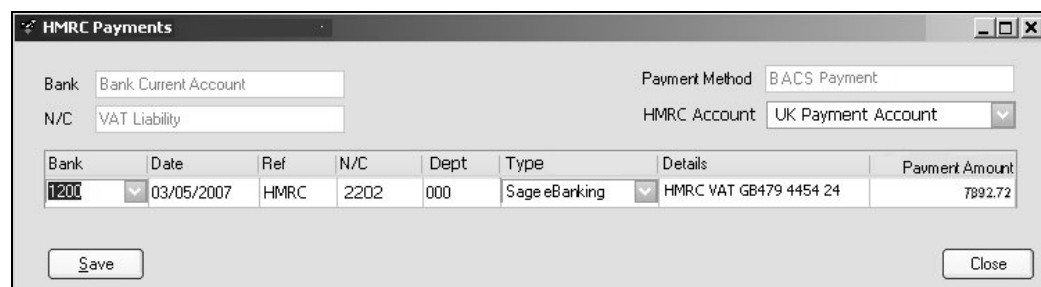


Entering a Payment to HMRC with E-Banking enabled

When the VAT return has been successfully submitted online you must then also make an on-line payment to HMRC.

To do this select the VAT Return you are making the payment for from the main VAT Ledger list (The vat return must be in the status of submitted). Then select the **Payment** button from the VAT Ledger toolbar.

This presents the following HMRC Payment screen:



The HMRC Payments screen displays the following fields and table:

Bank	Date	Ref	N/C	Dept	Type	Details	Payment Amount
1200	03/05/2007	HMRC	2202	000	Sage eBanking	HMRC VAT GB479 4454 24	7892.72

Buttons: Save, Close

Choose the HMRC Account; this will be either UK Payment Account or Payment from NON UK A/C.

Enter the bank account, date of the payment and type of payment, (this will be **Sage eBanking** if you are using this method, or **Other Method** if you are paying by Direct Debit, CHAPS or BACS).

The other fields are automatically populated by Sage 50 Accounts and cannot be amended.

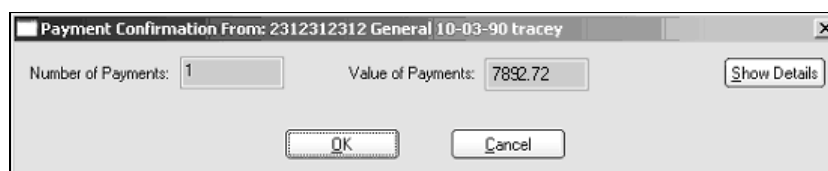
Choose **Save** and a Bank Payment is posted to the accounts.

To complete the e-payment, you will need to process it through **Bank > E-Payments** as normal:

Sending the Payment to HMRC via e-Banking

Upon saving the payment the details of the payment are also updated to the e-Banking module.

We can then select the HMRC Payment we wish to send and click Send, which will display the existing e-banking component screens.



The Payment Confirmation dialog box displays the following information:

Payment Confirmation From: 2312312312 General 10-03-90 tracey

Number of Payments: 1 Value of Payments: 7892.72 Show Details

Buttons: OK, Cancel

If we select the "Show Details" button, this will display where the bank payment will be made to as shown below.

Payment Confirmation From: 2312312312 General 10-03-90 tracey

Number of Payments: 1 Value of Payments: 7892.72 [Hide Details](#)

Sort Code	Acc. Number	Name	Amount	Reference	Details
10-00-00	52055000	HMCE VAT	7892.72		HMRC VAT GB479 4454 24

[Print...](#) [OK](#) [Cancel](#)

Upon selecting OK we will then be taken through the existing functionality of e-banking.

Making an “Other Method” Payment.

If e-Banking is enabled we can still choose to make a payment to the HMRC by another method such as Direct Debit. Therefore another payment type is available to choose. The “Type” field within HMRC Payments screen can be changed to display “Other Method” in the drop down list.

This will post a bank payment to the ledgers with a T9 Tax Code.

Note: Using this method, how the user chooses to send the payment to HMRC is outside of Sage 50 Accounts. This might be through their own banking software or whatever means they currently use to send the payment to HMRC.